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SURFACE TRANSPORTATION BOARD

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February 15, 2007

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Net Railcar Lease, dated as of November 16, 2006, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage being filed with the Board under Recordation Number \_\_\_\_\_.

The names and addresses of the parties to the enclosed document are:

Lessor: Babcock & Brown Rail Funding LLC  
885 Second Avenue, 49th Floor  
New York, NY 10017

Lessee: CSX Transportation, Inc.  
500 Water Street  
Jacksonville, FL 32202

Mr. Vernon A. Williams  
February 15, 2007  
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A description of the railroad equipment covered by the enclosed document is:

200 covered coil railcars: CSXT 494500 – CSXT 494699.

A short summary of the document to appear in the index is:

Memorandum of Net Railcar Lease.

Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alvord', followed by a horizontal line.

Robert W. Alvord

RWA/sem  
Enclosures

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## MEMORANDUM OF NET RAILCAR LEASE

## SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF NET RAILCAR LEASE dated as of this 16<sup>th</sup> day of November, 2006, to that certain Master Net Railcar Lease dated as of October 26, 2006, and Schedule No. 01 thereto dated as of November 16, 2006, between BABCOCK & BROWN RAIL FUNDING LLC, a Delaware limited liability company (the "Lessor") and CSX TRANSPORTATION, INC., a Virginia corporation (the "Lessee" and together with the Lessor, the "Parties").

## KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Lessor and Lessee have entered into that certain Master Net Railcar Lease dated October 26, 2006 and Schedule No. 01 thereto dated November 16, 2006 (hereinafter as the same may from time to time be amended, modified or supplemented, the "Agreement"), covering the equipment listed on Exhibit A hereto (the "Cars");

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Agreement, and the respective interests therein of the Parties and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, by this instrument the Lessor hereby leases and confirms the lease of the Cars to the Lessee in accordance with the terms and conditions of the Agreement, and the Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

This Memorandum of Net Railcar Lease may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has caused this Memorandum of Net Railcar Lease to be executed by a duly authorized officer as of the day and year below written.

BABCOCK & BROWN RAIL FUNDING LLC, as Lessor

By: 

Name: James W. Littlefield

Title: Vice President

Date: February 19, 2007

CSX TRANSPORTATION, INC., as Lessee

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

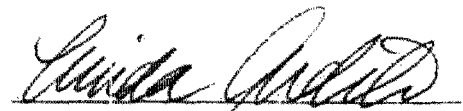
STATE OF Connecticut )

) SS:

COUNTY OF Fairfield )

On February 14 2007, before me, Linda Ardito, Notary Public, personally appeared Lawrence Little, personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



LINDA ARDITO  
Notary Public  
State of Connecticut  
My Commission Expires April 30, 20 10

STATE OF \_\_\_\_\_ )

) SS:

COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2007, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_

IN WITNESS WHEREOF, the undersigned has caused this Memorandum of Net Railcar Lease to be executed by a duly authorized officer as of the day and year below written.

BABCOCK & BROWN RAIL FUNDING LLC, as Lessor

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

CSX TRANSPORTATION, INC. as Lessee

By: 

Name: CHRISTINE MASTROMATTEO

Title: MGR. LEASING & FINANCING

Date: 2.14.07

STATE OF \_\_\_\_\_ )

) SS:

COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2007, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

STATE OF FLORIDA )

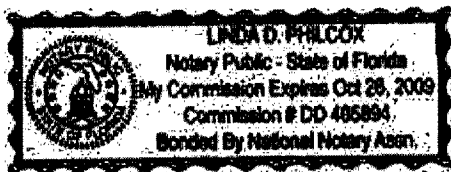
) SS:

COUNTY OF DUVAL )

On FEBRUARY 14, 2007, before me, LINDA D. PHILCOX <sup>Rev</sup>, Notary Public, personally appeared CHRISTINE ABRAHAMSON personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Linda D. Philcox



**EXHIBIT A**  
**MEMORANDUM OF NET RAILCAR LEASE**

| <u>Quantity</u>      | <u>Car Description</u>   | <u>Reporting Marks and Numbers</u> |
|----------------------|--|------------------------------------|
| Two Hundred<br>(200) | 42' Single Covered Coil Cars,<br>286,000 GRL, AAR Car Type Code<br>E241, built in 2007 by National Steel<br>Car Limited. | CSXT 494500-494699, inclusive      |



**CERTIFICATION**

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: \_\_\_\_\_

2/15/07



\_\_\_\_\_  
Robert W. Alvord